UNITED STATES BANKRUPTCY COURT DISTRICT OF NEVADA

RECEIVED ARV

In re: Medizone International, Inc.

2018 AUG 15 PM U.S. BANKAL WAY. MARY A. SCHOTLL

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BK-S 18-12662 LEB

CHAPTER 7 MONTHLY OPERATING REPORT (GENERAL BUSINESS CASE)

SUMMARY OF FINANCIAL STATUS

	MONTH ENDED: Jun-18	PETITION DATE:	05/08/18	
1.	Debtor in possession (or trustee) hereby submits this Month	nly Operating Report on the Cash l	Basis of accounting (or if che	ecked here
	the Office of the U.S. Trustee or the Court has approved the	e Cash Basis of Accounting for the	e Debtor).	
	Dollars reported in \$1			
		End of Current	End of Prior	As of Petition
2.	Asset and Liability Structure	<u>Month</u>	<u>Month</u>	<u>Filing</u>
	a. Current Assets	\$2,474		
	b. Total Assets	\$17,130,708		
	c. Current Liabilities	\$0_		
	d. Total Liabilities	\$3,971,782		
_				Cumulative
3.	Statement of Cash Receipts & Disbursements for Month		Prior Month	(Case to Date)
	a. Total Receipts	\$56,594		\$0
	b. Total Disbursements	\$41,966		\$0
	c. Excess (Deficiency) of Receipts Over Disbursements (a		\$0	\$0 \$0
	d. Cash Balance Beginning of Month	\$0		\$0
	e. Cash Balance End of Month (c + d)	\$14,627	\$0	Cumulative
		Current Month	Duian Month	(Case to Date)
4	Busit//Loss) from the Statement of Operations	<u>Current Month</u> \$14,627	<u>Prior Month</u>	(Case to Date)
4. 5.	Profit/(Loss) from the Statement of Operations Account Receivables (Pre and Post Petition)	\$14,027		
5. 6.	Post-Petition Liabilities	\$0		
0. 7.	Past Due Post-Petition Account Payables (over 30 days)	\$0		
<i>,</i> .	x ast Due 1 ost-1 etition recount 1 ayables (over 50 days)	ΨΨ		
At th	he end of this reporting month:		Yes	<u>No</u>
8.	Have any payments been made on pre-petition debt, other th	han payments in the normal		$\overline{\mathbf{x}}$
-	course to secured creditors or lessors? (if yes, attach listing			
	payment, amount of payment and name of payee)	<u>c</u>		
9.	Have any payments been made to professionals? (if yes, att	tach listing including date of	X	
	payment, amount of payment and name of payee)			
10.	If the answer is yes to 8 or 9, were all such payments approve	ved by the court?	X	
11.	Have any payments been made to officers, insiders, shareho			
	attach listing including date of payment, amount and reason	for payment, and name of payee)		
12.	Is the estate insured for replacement cost of assets and for g	eneral liability?	X	
13.	Are a plan and disclosure statement on file?			X
14.	Was there any post-petition borrowing during this reporting	period?	X	
15.	Check if paid: Post-petition taxes ; U	J.S. Trustee Quarterly Fees	; Check if filing is current	for: Post-petition
10.	tax reporting and tax returns:		_, encour it iming is content.	1 oot peumon
	(Attach explanation, if post-petition taxes or U.S. Trustee Q	marterly Fees are not paid current	or if nost-netition tax	
	reporting and tax return filings are not current.)	duritority i cos une not para carrent	or in post pourion tax	
		1 1 15		11
	lare under penalty of perjury I have reviewed the above summ	hary and attached financial statement	ents, and after making reason	nable inquiry
oene	ve these documents are correct.			
			. // ///	
				\mathcal{A}
Date:	:8/12/2018 0:00	William M. Holland, CFE	10 h lan	
		Court Appointed Special A	ccountant	

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended June, 2018

	Current Month			6 14	N 484 41
<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>		Cumulative (Case to Date)	Next Month <u>Forecast</u>
			Revenues:		
\$2,474		\$2,474	1 Gross Receipts		
\$2,474	\$0	\$0 \$2,474	2 less: Sales Returns & Allowances 3 Net Sales	\$0	\$0
\$0		\$0	4 less: Cost of Goods Sold (Schedule 'B')	30	30
\$2,474	\$0	\$2,474	5 Gross Profit	\$0	\$0
		\$0	6 Interest		
		\$0	7 Other Income:		
\$54,120		\$54,120 \$0	8 Borrowing - Court Approved		
\$56,594	\$0	\$56,594	10 Total Revenues	\$0	\$0
			Expenses:		
		\$0	11 Compensation to Owner(s)/Officer(s)		
\$24,132		(\$24,132)	12 Salaries		
		\$0	13 Commissions		
\$2,280		(\$2,280)	14 Contract Services		
		¢Ω	Rent/Lease:		
\$6,101		(\$6,101)	15 Personal Property16 Real Property		
\$653	-	(\$653)	17 General Business Insurance		
<u> </u>		\$0	18 Management Fees		
		<u>\$0</u>	19 Depreciation		
			Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
\$590		(\$590)	23 Medical Samples Expenses		
		\$0	24 Other Administrative		
		\$0	25 Interest		
		\$0	26 Other Expenses:		
\$686		(\$686)	27 Product Liability Insurance		
\$56		(\$56)	28 Bank Fees		
\$26		(\$26) \$0	29 Telephone Fees 30		
		\$0 \$0	31		
		\$0 \$0	32		
		\$0	33		
		\$0	34		
\$34,525	\$0	(\$34,525)	35 Total Expenses	\$0	\$0
\$22,069	\$0	\$22,069	36 Subtotal		\$0
			Reorganization Items:		
(\$7,441)		\$7,441	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from		
		\$0	Resulting Chp 11 Case 40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
(\$7,441)	\$0	(\$7,441)	43 Total Reorganization Items	\$0	\$0
\$14,627	\$0_	\$14,627	44 Net Profit (Loss) Before Federal & State Taxes	\$0_	\$0_
		\$0	45 Federal & State Income Taxes		
\$14,627	\$0	\$14,627	46 Net Profit (Loss)	\$0_	\$0
			* *		

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BALANCE SHEET

(General Business Case)

For the Month Ended June, 2018

	Assets		
	Current Assets	From Schedules	<u>Market Value</u>
1 2	Cash and cash equivalents - unrestricted Cash and cash equivalents - restricted		\$2,474
3	Accounts receivable (net)	Α	\$0
4	Inventory	В	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other:		
8			
9	Total Current Assets		\$2,474
	Property and Equipment (Market Value)		
10	Real property	С	\$0
11	Machinery and equipment	D	\$290,057
12	Furniture and fixtures	D	\$323,389
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$16,514,789
15	Vehicles	D	\$0
16	Other:	D	
17		D	
18		D	
19		D	
20		D	
21	Total Property and Equipment		\$17,128,235
	Other Assets		
22	Loans to shareholders		
23	Loans to affiliates		
24			
25			
26			
27			
28	Total Other Assets		\$0
29	Total Assets		\$17,130,708

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity (General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		
31	Payroll taxes	_	
32	Real and personal property taxes	_	
33	Income taxes	_	
34	Sales taxes	_	
35	Notes payable (short term)	_	
36	Accounts payable (trade)	Α -	\$0
37	Real property lease arrearage	-	
38	Personal property lease arrearage	-	
39	Accrued professional fees	-	
40	Current portion of long-term post-petition debt (du	e within 12 months)	
41			
42			
43			
73			
44	Total Current Liabilities	-	\$0
45	Long-Term Post-Petition Debt, Net of Current Portion	-	
46	Total Post-Petition Liabilities	-	\$0
	Pre-Petition Liabilities (allowed amount)		
47	Secured claims	F	\$0_
48	Priority unsecured claims	F	\$287,500
49	General unsecured claims	F	\$3,684,282
		_	
50	Total Pre-Petition Liabilities	-	\$3,971,782
51	Total Liabilities	-	\$3,971,782
	Equity (Deficit)		
52	Retained Earnings/(Deficit) at time of filing	_	
53	Capital Stock	_	
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		
56	Post-petition contributions/(distributions) or (draws)	_	
57			
58	Market value adjustment		(\$13,158,926)
59	Total Equity (Deficit)	_	(\$13,158,926)
60	Total Liabilities and Equity (Deficit)	=	(\$9,187,144)

SCHEDULES TO THE BALANCE SHEET

(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Accounts Receivable

Accounts Payable

Past Due

Receivables and Payables Agings		[Pre and Post Petition]	[Post Petition]	Post Petition Debt
0 -30 Days				
31-60 Days				•••
61-90 Days				\$0
91+ Days			•••	
Total accounts receivable/payable		\$0_	\$0	
Allowance for doubtful accounts				
Accounts receivable (net)		\$0		
	s	schedule B		
	Inventory	Cost of Goods Sold		
Types and Amount of Inventory(ies)		Cost of Goods Sold		
	Inventory(ies)			
	Balance at		49	
	End of Month	Inventory Beginning of M	onth	
D =4. 11/D = 4.		Add -		
Retail/Restaurants -		Net purchase		
Product for resale		Direct labor		
Place and		Manufacturing overhead		
Distribution -		Freight in		
Products for resale		Other:		
Manufacturer -				
Raw Materials				
Work-in-progress		Less -		
Finished goods		Inventory End of Month		
		Shrinkage		
Other - Explain		Personal Use		
		Cost of Goods Sold		\$0
TOTAL	\$0			3 0
		=		
Method of Inventory Control		Inventory Valuation Meth		1
Do you have a functioning perpetual invertibles No	ntory system?	Indicate by a checkmark me	thod of inventory use	1.
How often do you take a complete physica	al inventory?	Valuation methods -		
		FIFO cost		_
Weekly		LIFO cost	<u> </u>	_
Monthly		Lower of cost or market	_	_
Quarterly		Retail method	_	
Semi-annually		Other		_
Annually		Explain		
Date of last physical inventory was				
Date of next physical inventory is				
in in project in the contract of the				

Schedule C Real Property

Description None		Cost	Market Value
None			
m . 1			***
Total		\$0	\$0
	Schedule D Other Depreciable Assets		
Description		Cost	Market Value
Machinery & Equipment - Inventory		\$290,057	
Total		\$290,057	\$0
Furniture & Fixtures - Intangibles & Intellectual Property		\$323,388	
Total		\$323,388	\$0
Office Equipment -			
Total		\$0	\$0
Leasehold Improvements -		016514500	
Other Assets		\$16,514,789	
Total		\$16,514,789	\$0
Vehicles -			

Total

\$0

\$0

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Schedule E Aging of Post-Petition Taxes (As of End of the Current Reporting Period)

Taxes Payable Federal	<u>0-30 Days</u>	31-60 Days	61-90 Days	<u>91+ Days</u>	<u>Total</u>
Income Tax Withholding					\$0
FICA - Employee		,			\$0
FICA - Employer		<u> </u>			\$0
Unemployment (FUTA)	-				\$0
Income		<u> </u>		-	\$0
Other (Attach List)		<u> </u>			\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local	•		_	-	
Income Tax Withholding					\$0_
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F Pre-Petition Liabilities

	Claimed	Allowed
List Total Claims For Each Classification -	<u>Amount</u>	Amount (b)
Secured claims (a)	\$0_	
Priority claims other than taxes	\$287,500	
Priority tax claims		
General unsecured claims	\$3,684,282	

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G Rental Income Information Not applicable to General Business Cases

Schedule H Recapitulation of Funds Held at End of Month

	Account 1	Account 2	Account 3	Account 4
Bank	Wells Fargo	Wells Fargo	Integrity Bank	
Account Type	Checking	Checking	Checking	
Account No.	6745	6737	2662	
Account Purpose	Debtor Acct	Debtor Acct	Trustee Acct	
Balance, End of Month	\$929	\$1,544	\$14,627	
Total Funds on Hand for all Accounts	\$17,101			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended June, 2018

		Actual <u>Current Month</u>	Cumulative (Case to Date)
C	ash Receipts	Carrone Women	(Cubb to Butt)
1	Cash Received from Debtor's bank accounts	2,473.57	
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings	54,120.00	
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	Total Cash Receipts	56,593.57	\$0
C	ash Disbursements		
13	Payments for Medical Samples	590.46	
14	Selling		
15	Professional Fees - Court Approved	7,441.27	
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property	**************************************	
20	Real Property	6,101.37	
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries	**************************************	
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Contract Services	2,280.00	
26	Salaries/Commissions (Inclusive)	24,131.82	
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Product Liability Insurance	685.97	
34	Bank Fees	56.29	
35	Telephone Services	25.69	
36 37	General Business Insurance	653.30	
38	Total Cash Disbursements:	41,966.17	\$0
39 Ne	et Increase (Decrease) in Cash	14,627.40	\$0
40 Ca	sh Balance, Beginning of Period		
41 C a	sh Balance, End of Period	14,627.40	<u> </u>

STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents For the Month Ended June, 2018

Cash F	lows From Operating Activities	Actual <u>Current Month</u>	Cumulative (Case to Date)
(Cash Received from debtor's bank accounts.	\$2,474	
	Rent/Leases Collected	——————————————————————————————————————	
	nterest Received		
	Cash Paid to Suppliers		
	Cash Paid for Selling Expenses	-	
	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
`	Personal Property		
	Real Property	\$6,101	
-	Cash Paid for Interest	\$0,101	
	Cash Paid for Payroll and Benefits	\$24,132	
		\$24,132	
(Cash Paid to Owner(s)/Officer(s)		
	Payroll Services (Inclusive)		
	Draws		
	Commissions/Royalties		
	Expense Reimbursements		
	Contract Services	\$2,280	
C	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
	Employer Payroll Tax		
	Employee Withholdings		
	Real Property Taxes		
	Other Taxes		
C	Cash Paid for Medical Samples Expenses	\$590	
	Product Liability Insurance	\$686	
_	Bank Fees	\$56	
_	Telephone Services	\$26	
_	General Business Insurance	\$653	
_	General Dusiness insurance	3033	. <u>.</u>
_			
_			
_	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$32,051)	
	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$32,051)	
	lows From Reorganization Items	(\$32,051)	
I i	lows From Reorganization Items nterest Received on Cash Accumulated Due to Chp 11 Case		
lı P	Ilows From Reorganization Items Interest Received on Cash Accumulated Due to Chp 11 Case reofessional Fees Paid for Services in Connection with Chp 7 Case	(\$32,051) \$7,441	
lı P	lows From Reorganization Items nterest Received on Cash Accumulated Due to Chp 11 Case		
lı P	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees	\$7,441	
lı P	Ilows From Reorganization Items Interest Received on Cash Accumulated Due to Chp 11 Case reofessional Fees Paid for Services in Connection with Chp 7 Case		
i P U	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees	\$7,441	
In P U	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items	\$7,441	
li F U — Net Ca Cash F	nterest Received on Cash Accumulated Due to Chp 11 Case Professional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities	\$7,441	
in P U U U U U U U U U U U U U U U U U U	Iterest Received on Cash Accumulated Due to Chp 11 Case refessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities capital Expenditures	\$7,441	
in P U U U U U U U U U U U U U U U U U U	nterest Received on Cash Accumulated Due to Chp 11 Case Professional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities	\$7,441	
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Net Ca Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities roceeds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities	\$7,441	
Net Ca Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case professional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities receeds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case refessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproceeds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders)	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case refessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproduceds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproducted From Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders lapital Contributions	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case refessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproduceds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproducted From Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders lapital Contributions	\$7,441 (\$7,441) (\$39,493)	
Net Ca Cash F Cash F Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case J.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproducted From Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders lapital Contributions	\$7,441 (\$7,441) (\$39,493) \$0	
Net Ca Cash F Cash F N Cash F N Cash F	Iterest Received on Cash Accumulated Due to Chp 11 Case reforessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities reproceeds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities lows From Financing Activities let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders lapital Contributions rincipal Payments	\$7,441 (\$7,441) (\$39,493) \$0 \$54,120	
Net Ca Cash F Cash F N Cash F N N C P N N N N N N N N N N N N N N N N	Interest Received on Cash Accumulated Due to Chp 11 Case rofessional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items sh Provided (Used) for Operating Activities and Reorganization Items lows From Investing Activities rapital Expenditures rocceeds from Sales of Capital Goods due to Chp 11 Case Net Cash Provided (Used) by Investing Activities let Borrowings (Except Insiders) let Borrowings (Except Insiders) let Borrowings from Shareholders, Partners, or Other Insiders apital Contributions rincipal Payments Net Cash Provided (Used) by Financing Activities rease (Decrease) in Cash and Cash Equivalents	\$7,441 (\$7,441) (\$39,493) \$0 \$54,120 \$14,627	
Net Ca Cash F Cash F N Cash F N Cash F N Cash F N Cash F	Interest Received on Cash Accumulated Due to Chp 11 Case Professional Fees Paid for Services in Connection with Chp 7 Case U.S. Trustee Quarterly Fees Net Cash Provided (Used) by Reorganization Items Sh Provided (Used) for Operating Activities and Reorganization Items Ite	\$7,441 (\$7,441) (\$39,493) \$0 \$54,120 \$14,627	

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UNITED STATES BANKRUPTCY COURT District of Nevada

In Re:	
MEDIZONE INTERNATIONAL,	INC

BK-S 18-12662 LEB

Notes to the Monthly Operating Report

General Notes:

1. Medizone International, Inc., (Medizone) filed for Chapter 7 bankruptcy protection on May 8, 2018. The debtor was incorporated in the State of Nevada, but headquartered in Kalamazoo, Michigan. Medizone leased a building and conducted their business operations at 945 Princess Street, Kinston, ON, K7L OE9, Canada.

This is the first month of operation under the direction and supervision of a Federal Bankruptcy Trustee. From the date of filing to June 1, 2018, several motions and stipulations were filed with the US Bankruptcy Court requesting permission to allow Medizone to continue to operate until such time as the Trustee is allowed to sell the company and their operations in Canada.

The debtor is a global provider of disinfection solutions and invented the method of AsepticSure (Registered) system of disinfecting non-porous surfaces. The business itself is not in a position to receive income, during the normal course of business, therefore requires outside funding to keep the debtor's business operating. The US Bankruptcy Court has approved a loan of \$200,000.

This Monthly Operating Report (MOR) covers the period of June, 2018. The Trustee has requested and received \$54,120.00 of the approved loan. The MOR reflects that infusion of money. The Debtors bank accounts were closed, and the Trustee received approximately \$2,473.57 which has been logged as cash from bank accounts. No sales or invoicing of customers during the month of June, 2018.

The information in this report conforms to the principals of GAAP, as outlined in the attached reports based on the Trustee's cash method of accounting. No prior MOR's have been filed and the Special Accountant has been authorized by the US Bankruptcy Court to prepare MOR's for June, July and August, 2018. The Special Accountant has not received any financial documents to assit him in preparing the June MOR. Therefore, this report does not show "End of Month" information on the Summary of Financial Status Report.

All financial information contained in this June, 2018 MOR comes solely from the Trustee's Form 2 accounting documents and the bankruptcy schedules filed on May 5, 2018.

Page 2,

Summary of Financial Status:

There are no prior financial data available to inserted into the June, 2018, MOR, as shown on the summary page of the MOR, as well as any supporting pages that make up the June, 2018 MOR.

- 9. Prior Court Appointments obtained by the Trustee for Schwartzer & McPherson Law Firm and William M. Holland, Special Accountant. There could be additional Motions filed for other professionals.
- 13. There is no plan of re-organization filed nor will there be one anytime soon. It is the intent of the Trustee to sell the business assets to one of the creditors, after he receives approval of the US Bankruptcy Court.



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EST OF MEDIZONE INTERNATIONAL INC DEBTOR LENARD E SCHWARTZER TRUSTEE CHAPTER 7 CASE NO 18-12662

---- CHECKING ACCOUNTS ----

Thanks for banking with Integrity Bank!

COMMERCIAL CHECKING Account Number Previous Balance 1 Deposits/Credits 6 Checks/Debits Service Charge Interest Paid Ending Balance	46711812662 49,091.81 7,500.00 29,718.83 54.49 .00 26,818.49	Stateme Days in Average	of Enclosures ent Dates 6/01/18 thru n the statement period e Ledger e Collected	5 6/30/18 30 38,149 37,899				

Deposits and Additions Date Description 6/25 DDA REGULAR DEPOSIT		Amount 7,500.00						
Checks and Withdrawals Date Description 6/12 INT'L WIRE TO CAM 6/26 INT'L WIRE TO CAM 6/30 SERVICE CHARGE	Amount 12,164.25 11,967.57 54.49							
Checks in Serial Number Ord	der	Date	Check No.					
6/12 101 6/15 102 *Indicates Skip in Check N	Amount 685.97 3,092.74 Number	6/15 6/29		Amount 1,155.00 653.30				



Date 6/29/18 Account Number Enclosures

Page 2 46711812662 5

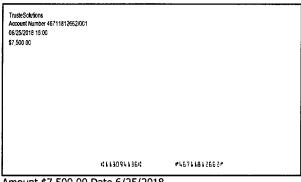
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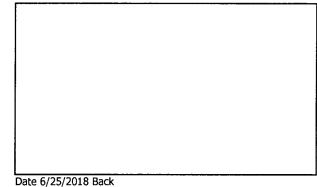
COMMERCIAL CHECKING

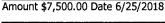
46711812662 (Continued)

Daily Ba	lance Information				
Date	Balance	Date	Balance	Date	Balance
6/01	49,091.81	6/25	39,493.85	6/30	26.818.49
6/12	36.241.59	6/26	27.526.28	-,	,
6/15	31,993.85	6/29	26,872.98		

INTEGRITY BANK



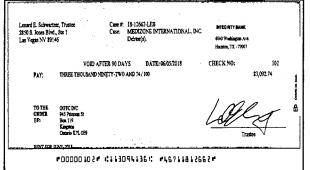




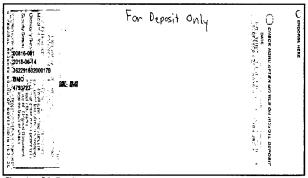


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224366889 96600030 MORILLE OF REMOTE DEPA The precurity for the property of the property

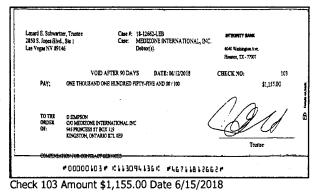
Check 101 Amount \$685.97 Date 6/12/2018



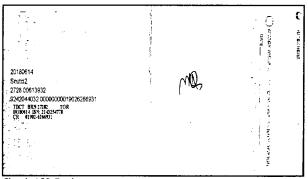
Check 101 Back



Check 102 Amount \$3,092.74 Date 6/15/2018



Check 102 Back

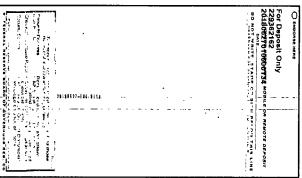


Check 103 Back

Primary Account: 46711812662

INTEGRITY BANK

Check 109 Amount \$653.30 Date 6/29/2018



Check 109 Back